

SENATE JOINT RESOLUTION 756

By Kelsey

A RESOLUTION to express support for "No Investment in Iran" and to request the State Treasurer to consider certain pension holdings in companies that invest in state sponsors of terrorism.

WHEREAS, on October 27, 2005, at the World Without Zionism Conference in Tehran, Iran, the President of Iran, Mahmoud Ahmadinejad, called for Israel to be "wiped off the map", described Israel as "a disgraceful blot [on] the face of the Islamic world", and declared that "[a]nybody who recognizes Israel will burn in the fire of the Islamic nations' fury"; and

WHEREAS, the shocking results of the June 2009 presidential election in Iran grew protests from around the globe, as the election was allegedly stolen by President Ahmadinejad and his supporters, with Iranian citizens and international observers reporting voting irregularities rampant throughout the country; and

WHEREAS, taking to the streets of Tehran to voice their protest, the citizens of Iran were met with arrest, repression of the dissemination of information, and bloody violence, including the death of aspiring singer Neda Agha-Soltan; and

WHEREAS, in December 2009 at least eight Iranians, including a nephew of presidential candidate Mir Hosein Mousavi, met a gruesome death as they were viciously gunned down in the streets while over one thousand protesters were arrested during opposition rallies by tens of thousands of disillusioned Iranians; and

WHEREAS, the Iranian regime has continued its repression by recently hanging two Iranian citizens for their roles in the opposition protests and by vowing to execute nine more protesters in the coming days; and

WHEREAS, on January 27, 2010, during his State of the Union address President Barack Obama warned, "As Iran's leaders continue to ignore their obligations, there should be no doubt they, too, will face growing consequences"; and

WHEREAS, resolutions of the United Nations Security Council have imposed sanctions on Iran for its failure to suspend its uranium-enrichment activities, but the Iranian government has not suspended such activities as a result of those sanctions; and

WHEREAS, on March 24, 2007, the United Nations Security Council voted unanimously for an additional embargo on Iranian arms exports, banning the country's arms exports and freezing the assets and restricting the travel of additional individuals engaged in the country's proliferation-sensitive nuclear activities; and

WHEREAS, the United States renewed the Iran and Libyan Sanctions Act of 1996 in 2001 and 2006; and

WHEREAS, in imposing sanctions on Iran the United States has found that the policies and actions of the government of Iran, including continued support for international and state sponsored terrorism, ongoing efforts to destabilize neighboring governments, and the prevalence of human rights violations, including the denial of religious freedom, constitutes an extraordinary threat to national security and American foreign policy; and

WHEREAS, on July 31, 2007, the United States House of Representatives passed by a vote of four hundred eight (408) to six (6) the Iran Sanctions Enabling Act, which would allow states to apply economic pressure on the Iranian regime by establishing a federal list of entities that invest in Iran and allowing for divestment; and

WHEREAS, on October 25, 2007, the United States announced sweeping new sanctions on Iran barring U.S. citizens and private institutions from doing business with more than twenty (20) Iranian government agencies, three (3) state-owned banks and certain Iranian individuals as the result of Iranian support of terrorism in the Middle East and its proliferation of weapons of mass destruction; and

WHEREAS, these new sanctions are the first such sanctions imposed on another country's military forces as they specifically target the Iranian Revolutionary Guard Corps, which

also operate a number of businesses dominating important segments of the Iranian economy, and the Ministry of Defense; and

WHEREAS, Secretary of State Condoleezza Rice, in announcing the sanctions, labeled the Revolutionary Guards as "proliferators of mass destruction and ballistic missile technology," called the Quds Force, an undercover military wing of the Revolutionary Guards, a terrorist organization that provides "material support to the Taliban, Lebanese Hezbollah, Hamas, Palestinian Islamic Jihad and the Popular Front for the Liberation of Palestine-General Command," and declared that the sanctions are part of "a comprehensive policy to confront the threatening behavior of the Iranians"; and

WHEREAS, Secretary of the Treasury Henry Paulson said, "in dealing with Iran, it is nearly impossible to know one's customer and be assured that one is not unwittingly facilitating the regime's reckless behavior and conduct"; and

WHEREAS, foreign entities have invested in Iran's petroleum-energy sector despite United States and United Nations sanctions against Iran; and

WHEREAS, a 2006 report by United States House of Representatives states that "a company's association with sponsors of terrorism and human rights abuses, no matter how large or small, can have a materially adverse result on a public company's operations, financial condition, earnings, and stock prices, all of which can negatively affect the value of an investment"; and

WHEREAS, according to a former chair of the United States Securities and Exchange Commission, the fact that a foreign company is doing material business with a country, government, or entity on the sanctions list of the Office of Foreign Assets Control is, in the SEC staff's view, substantially likely to be significant to a reasonable investor's decision about whether to invest in that company; and

WHEREAS, in response to the financial risk posed by investments in companies doing business with a state that sponsors terrorists, the Securities and Exchange Commission established its Office of Global Security Risk to provide for enhanced disclosure of material information regarding such companies; and

WHEREAS, in direct response to the acts of the government of Iran and other governments that support terrorism or deny basic human rights, a number of state legislatures have introduced bills that seek to divest state pension funds of holdings in their portfolios of companies that engage in, or do business, with such governments; and

WHEREAS, Florida, California and New Jersey have passed such legislation; and

WHEREAS, companies facing such widespread divestment present further material risk to remaining investors; and

WHEREAS, the General Assembly is deeply concerned about investments in publicly traded companies that have business activities in and ties to Iran and Iran's petroleum-energy sector as a financial risk to the shareholders; and

WHEREAS, in addition to Iran, the United States Department of State has identified and designated North Korea, Sudan, and Syria as state sponsors of terrorism; and

WHEREAS, the Tennessee General Assembly wishes to support the United States government's anti-terrorism activities by not acquiring any additional equity positions for the Tennessee Consolidated Retirement System from companies with a significant presence in terrorist nations identified by the Treasurer pursuant to Tennessee Code Annotated, Section 8-37-104(d)(1); now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED SIXTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that this General Assembly hereby requests the State Treasurer to direct equity investment managers to not increase investment positions held in companies listed pursuant to Tennessee Code Annotated, Section 8-37-104(d)(1).

BE IT FURTHER RESOLVED, that this General Assembly hereby requests the State Treasurer to ask equity investment managers to consider, within normal portfolio changes, suitable substitutes for investments held in companies listed pursuant to Tennessee Code Annotated, Section 8-37-104(d)(1), provided that performance expectations are not diminished and expenses in excess of normal transaction costs are not incurred.

BE IT FURTHER RESOLVED, that it is the legislative intent that if any criminal, civil or administrative action or proceeding is commenced by any person or entity against the State of

Tennessee or any official or employee of the state, or against any officers, directors, board members or employees of the Tennessee Consolidated Retirement System for any act done in good faith in accordance with this resolution, the State shall defend, indemnify and hold harmless such person from any costs, damages, awards, judgments or settlements arising from said claim, or proceeding.

BE IT FURTHER RESOLVED, that an appropriate copy of this resolution be prepared and transmitted to the State Treasurer.